

1.94  
C825c  
new no.  
swallash  
statement

0723

RECEIVED  
MAR 3 1937 ☆  
Department of Agriculture

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
Washington, D. C.

February 19, 1937.

Honorable Ellison D. Smith,  
Chairman, Senate Committee on  
Agriculture and Forestry,  
United States Senate.

My dear Senator:

Enclosed is a statement sent in response to your request showing cotton transactions handled by and under the direction of the Secretary of Agriculture under authority of Title I, Agricultural Adjustment Act. Your attention is directed to the following pertinent features of the statement:-

- (a) The cost to the Secretary of Agriculture of cotton acquired under authority of Title I of the Agricultural Adjustment Act, was \$119,624,875.26.
- (b) This cotton sold for \$175,139,638.89.
- (c) Excess of sale price over cost price, \$55,514,763.63.
- (d) Receipts from sources other than sale of cotton (specific items are enumerated in statement) \$27,767,490.02.
- (e) Gross income in excess of cost price of cotton, \$83,282,253.65.
- (f) Expenses incurred in handling and marketing cotton, \$13,160,-465.60.
- (g) Net income from cotton transactions, \$70,121,788.05.
- (h) Cash distributions to producers participating in agricultural program, \$67,943,071.99.
- (i) Reserved for administrative expenses and for payment of unsettled claims, \$376,448.78.
- (j) Unallocated cash balance on deposit with the Treasurer of the United States to the credit of the Secretary of Agriculture, \$1,802,267.28.

The figures above are taken from the enclosed statement which reflects the condition as of the close of business, January 31, 1937.

Section 4(f) of the Agricultural Adjustment Act as amended, by Title II of the Emergency Appropriation Act, fiscal year 1935, Public 412, 73rd Congress, approved June 19, 1934, and as further amended by Sec. 36 of Public 320, 74th Congress, approved August 24, 1935, reads as follows:





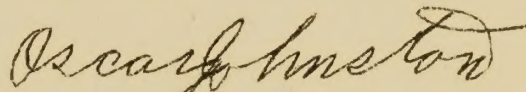
"The proceeds derived from the sale of cotton shall be held for the Secretary of Agriculture by the Treasurer of the United States in a special deposit account and shall be used by the Secretary of Agriculture to discharge the obligations incurred under authority of part 1 of this title. Whenever any cotton shall be marketed the net proceeds (after discharge of other obligations incurred with respect thereto) derived from the sale thereof shall be used, to the extent required, to reimburse the Treasury for such portion of the funds hereby provided for as shall have been used, which shall be covered into the Treasury as a miscellaneous receipt. If when all of the cotton acquired by the Secretary of Agriculture shall have been marketed and all of the obligations incurred with respect to such cotton shall have been discharged, and the Treasury reimbursed for any and all sums which may have been advanced pursuant to subsection (b), there shall remain any balance in the hands of the Secretary of Agriculture, such balance shall be covered into the Treasury as miscellaneous receipts.

"The word 'obligation' when used in this section shall include (without being limited to) administrative expenses, warehouse charges, insurance, salaries, interest, costs, commissions, and other expenses incident to handling, carrying, insuring, and marketing of said cotton."

As I read and interpret the above quoted section of the Act, the balance of \$1,802,267.28 must be "covered into the Treasury as miscellaneous receipts." All of the cotton has been marketed and "all of the obligations incurred with respect to such cotton have been discharged and the Treasury reimbursed for any and all sums which may have been advanced pursuant to subsection (b)."

Trusting that the foregoing gives you the information which you have requested and with the assurance of our pleasure at giving you any further or more detailed information you may desire, I am

Yours truly,



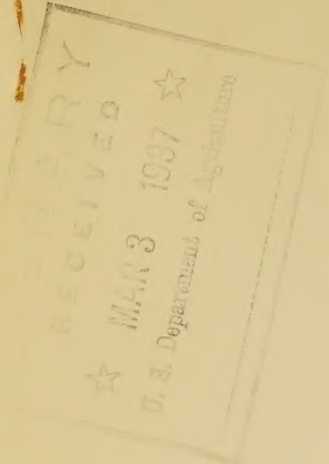
Oscar Johnston, Manager,  
Cotton Producers' Pool.

Enclosure.





1.94  
C82Sc



STATEMENT OF COTTON TRANSACTIONS HANDLED BY AND UNDER  
THE DIRECTION OF THE SECRETARY OF AGRICULTURE UNDER  
AUTHORITY OF TITLE I, AGRICULTURAL ADJUSTMENT ACT

JANUARY 31, 1937

.....

INCOME:

Secretary Sales:

Spot Sales  
Transferred to Pool  
Less Unsaleable Cotton  
Sales to Pool

\$ 58,552,798.11  
3,270.42  
\$ 1,045,499.43  
58,549,527.69  
280,484.89

Total Secretary's Sales

\$ 59,875,512.01

Pool Sales:

Spot Sales  
Sales of Rejections  
Sales of Loose Cotton  
Less Cost of Handling Loose  
  
Deduct: Cotton Purchased  
Rejections Repurchased  
Brokerage Paid on Purchases

\$122,308,437.43  
72,943.05  
14,048.50  
\$122,395,428.98  
\$ 7,032,291.17  
94,817.83  
4,193.10  
\$ 7,131,302.10

Gross Sales

\$ 115,264,126.88  
\$ 175,139,638.89

(Cont'd).





Cost of Cotton Sold:

Cost of Sales by Secretary:

Inventory Cost, Secretary Spot Sales  
Cost of Cotton Transferred to Pool  
Less: Adjustment From F.C.A.

\$ 64,081,114.14  
3,569,771.63  
\$ 61,075,347.57

Cost of Sales By Pool:

Cost of Cotton Acquired from Secretary  
Less: Unsaleable Cotton

\$ 58,552,798.11  
3,270.42  
\$ 58,549,527.69

Total Cost of Cotton Sold

\$ 119,624,875.26

Net Income From Sales

\$ 55,514,763.63

Other Income:

Allowance from F.C.A. for Futures Contracts  
Profit on Futures Transactions  
Less: Commissions Paid Futures Brokers  
Grade & Staple Premiums on Sales  
Concentration Claims Collected  
Storage & Insurance Collected on C.P.S. Sale  
Interest Earned  
Carrying Charges Deducted from Producers' Payments  
Penalties, Sales Defaults

\$ 3,698,997.50  
862,785.00  
\$ 17,396,595.00  
2,836,212.50  
6,477,512.06  
11,580.68  
12,500.00  
47.93  
1,029,822.72  
3,219.13

Total, Other Income

\$ 27,767,490.02

Total, Gross Income

\$ 83,282,253.65

(Cont'd).





Expense:

Administrative Expense	\$ 791,482.23	
Arbitration	9,095.97	
Classing	489.65	
Classification Standards	4,376.68	
Commissions Sales Agents	1,149,567.30	
Commissions Paid Brokers on Sales	48,077.38	
Compression	60,964.78	
Cotton Exchange Fees	67.95	
Collateral Custodian Expense	16,431.61	
Decertification Expense	9,996.10	
Dues & Subscriptions	1,484.40	
Exchange on Sales Drafts	4,261.86	
Expense of Handling Rejections	862.77	
Freight & Compression	39,463.71	
Freight & Drayage - Reconcentration	24,698.41	
Freight & Express on Samples	779.24	
False Pack Penalties	219.54	
Freight & Drayage - Sold Cotton	228,412.68	
Grade & Staple Claims	373,637.65	
Insurance	848,986.66	
Interest Paid	2,313,519.90	
Landing Costs	316,350.97	
Light Weight Penalties	2,175.65	
Loss & Gain in Weight	807,578.99	
Miscellaneous Sales Expense	35,995.22	
Miscellaneous Compress Charges	98,983.03	
Patching	53,095.56	
Reconditioning Expense	2,444.81	
Resample & Reweigh	8,916.80	
Salaries & Expense Classers	3,810.57	
Service Fees to Sales Agents	724,672.90	
Sales Cancellation Penalties	530.00	
Special Expense - Russian Sales	3,110.65	
Storage on Cotton	5,136,551.38	
Warehouse Delivery Charges	39,372.60	
<u>Total Expense</u>		\$ 13,160,465.60
<u>Net Income from Cotton Transactions</u>		\$ 70,121,788.05

(Cont'd).





Distributed As Follows:

Payments to Producers not Entering Pool	\$ 12,772,458.81
Initial 4¢ Distribution to Producers' coming into Pool	32,175,540.73
Second Distribution to Pool Members	11,963,535.57
Payments to Members in Purchase of P.T.C.'s	<u>11,031,536.88</u>

\$ 67,943,071.99

Reserves:

Reserved for Administrative Expense	100,000.00
Reserved for Accrued Storage Reserves:	500.00
For Unexercised Options in Suspense	
For First Distribution on P.T.C.'s, Unsettled	\$ 1,164.54
For Second Distribution on P.T.C.'s Unsettled	7,290.49
For P.T.C.'s Purchased - Not Settled	265,940.29
	<u>1,553.46</u>

\$ 275,948.78

Total Distribution and Reserves

\$ 68,319,520.77

Excess of Income over Distribution, Expense & Reserves

\$ 1,802,267.28

